

# Half-Year Results Presentation

**Renewed. Resilient. Responsible.**

6<sup>th</sup> September 2022

# Disclaimer

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These forward-looking statements are, by their nature, subject to significant risks and uncertainties and actual results, performance and achievements may be materially different from those expressed in such statements. Factors that may cause actual results, performance or achievements to differ from expectations include, but are not limited to, regulatory changes, future levels of industry product supply, demand and pricing, weather and weather related impacts, wars and acts of terrorism, development and use of technology, acts of competitors and other changes to business conditions.

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# Introduction

Simon Thomson

# Consistent Delivery of Long-Term Goals

## Sustainability

- Financial flexibility to deliver growth strategy
- Energy transition relevance:  
Clear pathway to Net Zero by 2040
- Safe and responsible operations

## Returns

- H1 US\$511m returned to shareholders
- Differentiator amongst E & P peers
- >US\$5bn returned in last 15 years

## Growth

- Proposal to create a new Africa-focused business
- Egypt: production opportunities and exploration potential in regional energy hub

# Finance

James Smith



# Half-Year 2022 Highlights

## India Resolution

**US\$1.06bn** Tax refund

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## Shareholder Returns

**US\$511m**

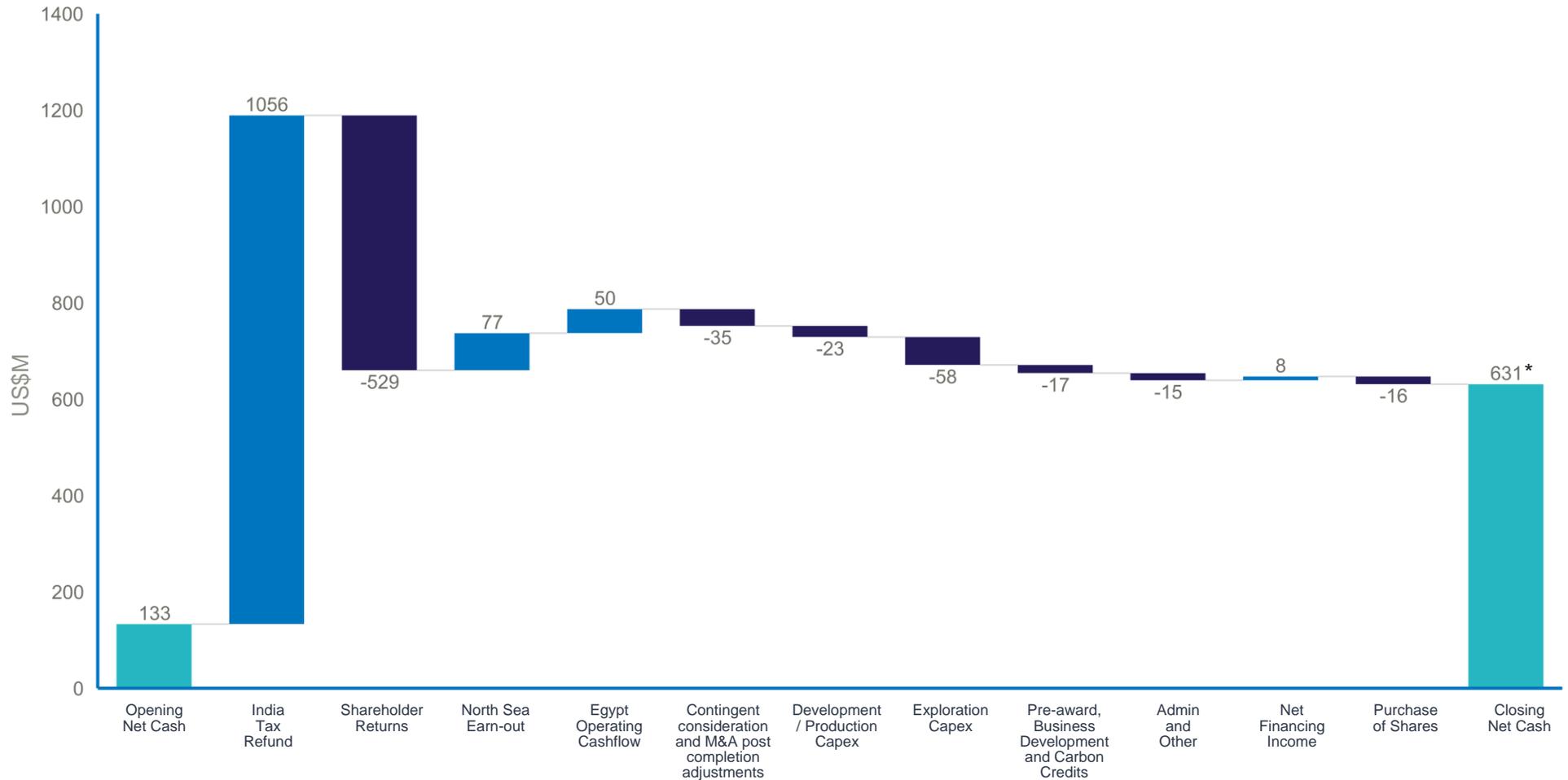
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## Financial Flexibility

**US\$631m** Net cash

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# H1 2022 Cashflows



\* Gross cash US\$809m after Egypt debt drawn of US\$178m

# Financial Performance

## Production

- H1 2022 production: ~35,500 boepd average WI production, 41% liquids
- Full year revised production guidance: 33,000 boepd to 36,000 boepd (previous guidance: 37,000 – 43,000 boepd)

## Revenue

- H1 2022 revenues from Egypt production: US\$137m
- H1 2022 realised oil price: US\$111/boe
- H1 2022 realised gas price: US\$2.9/mscf

## Opex

- Full year opex guidance ~US\$6/boe (previous guidance: US\$4.5 – 5.5/boe)

## Cashflow

- H1 2022 Egypt gross profit\*: US\$105m
- H1 2022 Egypt operating cash inflow: US\$50m
- EGPC receivables position of US\$114m at 30 June 2022 of which US\$61m due for payment

\* Before tax gross-up and depletion

# Contingent Consideration

## Receivable

### UK North Sea

- Waldorf to pay Capricorn in respect of Catcher and Kraken:



- US\$77m received in respect of 2021 based on US\$70.9/bbl average Brent and 6.7 Mmbbl production

### Senegal

- Woodside to pay Capricorn up to US\$100m six months after first oil from Sangomar

Average Brent price in 6 months following first oil	First oil date	
	2023	2024
US\$55-60/bbl	US\$50m	US\$25m
>US\$60bbl	US\$100m	US\$50m

## Payable

### Egypt

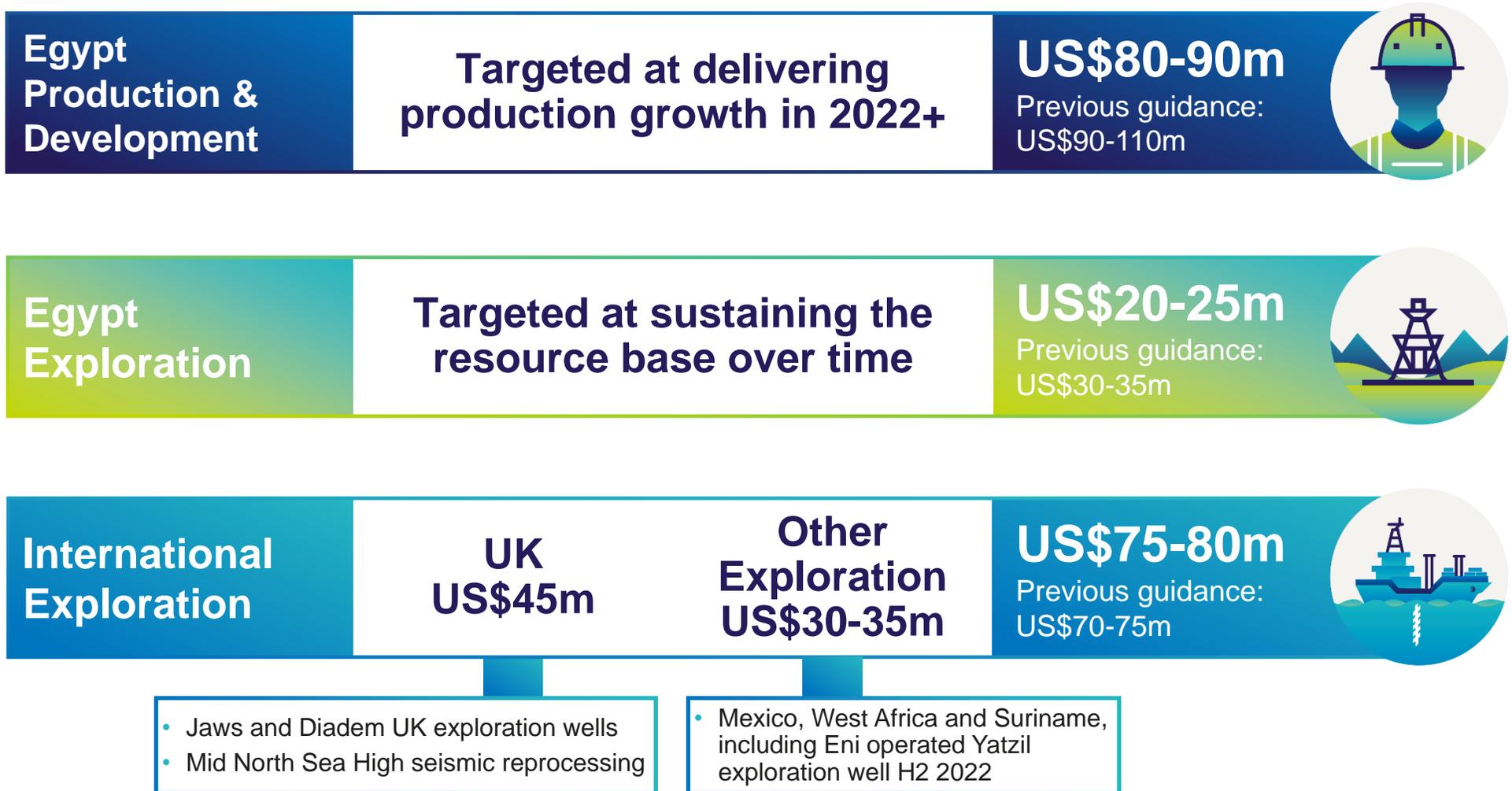
#### Oil price

- Capricorn to pay Shell up to US\$25m per year for 2021-24 in respect of the Egypt acquisition
- Calculated on a straight line basis from US\$0m if average Brent is at or below US\$55/bbl to US25m if Brent is at or above US\$75/bbl
  - Payment of US\$21m made in January 2022 in respect of 2021

#### Exploration

- Capricorn to pay Shell up to US\$40m in the event of exploration success
- US\$0.2 per barrel of developable 2P reserves discovered on the first nine exploration wells

# 2022 Capital Expenditure Full Year Guidance





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# Production and Development

Paul Mayland

# Egypt: Safe Operations with Refined Investment Plan

## H1 2022 Safety Performance

- No LTIs
- No Tier 1 Process Events at either BED or Obaiyed plants

## H1 2022 WI Production

- Overall production ~35,500 boepd impacted by the delay in delivery and start-up of 2 drilling units
  - Oil & Condensate up 6% from Q4 2021 to 14,600 bopd
  - Gas production down 7% from Q4 2021 to 117 mmscf/d
- New well drilling and completion – positive oil results at BED and Sitra; lower than expectation gas wells at BTE and Karam

Revising 2022 capital programme downwards with associated impact on overall production guidance



# Egypt: New Investments

**Three drilling rigs** operating, including two strong, well established units with contracts extended

**Two more delivered** in late Q2 and Q3 2022  
Possible additions or substitutions in 2023

**Five work-over rigs** operating. Expect to reduce with time as improved well longevity bears fruit

**Low pressure compression at BED facility** ongoing to enhance gas recovery from year end 2022

**Produced water disposal projects** completing to aid handling and maximise oil capacity



# Egypt: Building Inventory of Opportunities

## Gas Potential

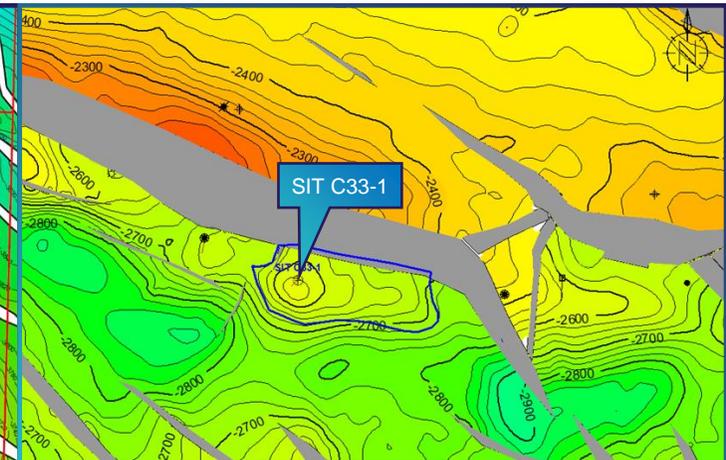
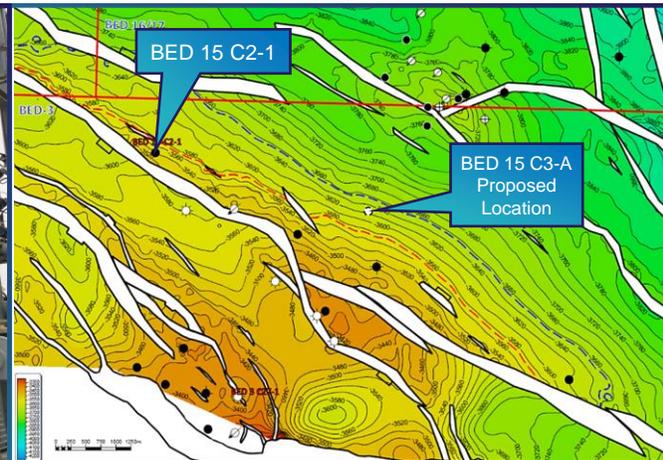
- Aim to develop an integrated campaign in and around Obaiyed and Teen gas condensate fields
- Further compression opportunities under evaluation
- Deployment of new technology to unlock undeveloped horizons

## Ongoing Liquid Opportunities

- BED – infill and field extension targets chasing light sweet crude (32° API, 480 scf/bbl)
- BED – waterflood optimisation to lift oil recovery factors from 15-20% (injectors planned and ongoing at BED 15/16)
- Karam – oil appraisal tests of ARC/ARG reservoirs ongoing (39° API, 900 scf/bbl)

## Reservoir Extension Successes in High Equity Fields

- BED 15 C2-1 westerly step-out well; initial production in excess of 1 kbopd
- Sitra C33-1 step-out well; initial production rate >10 mmscf/d and 1,900 bbls condensate per day
- Rapid payback, high IRR opportunities
- Follow-up opportunities



# Egypt: Decarbonising our Operations

## Benchmark

- Comprehensive GHG baseline survey to be completed at year end

## GHG Reduction Target

- >15% by 2025, >30% by 2030

## Reduce and Substitute

- Power generator rationalisation and fuel substitution of diesel for clean-burning gas progressing; electrification of BED area entering into execution phase with completion in 2023
- Exploring feasibility for installation of waste heat recovery units at Obaiyed central processing plant
- Progression of workstream on solar integration at NEAG
- Assessing methane monitoring solutions

## Sequester

- Study to test technical and commercial feasibility for subsurface carbon dioxide storage

## Offset

- Progression of workstream on diversified high quality carbon offsets

## Net Zero by 2040 or earlier

Focus is scope 1 & 2 equity emissions reduction

## Clear Principles Underpin Target

Avoid, reduce, substitute, sequester and offset

## Zero Routine Flaring

First UK independent to commit to World Bank Zero Routine Flaring by 2030

## Portfolio Resilience

Current portfolio creates value in stringent transition scenario testing



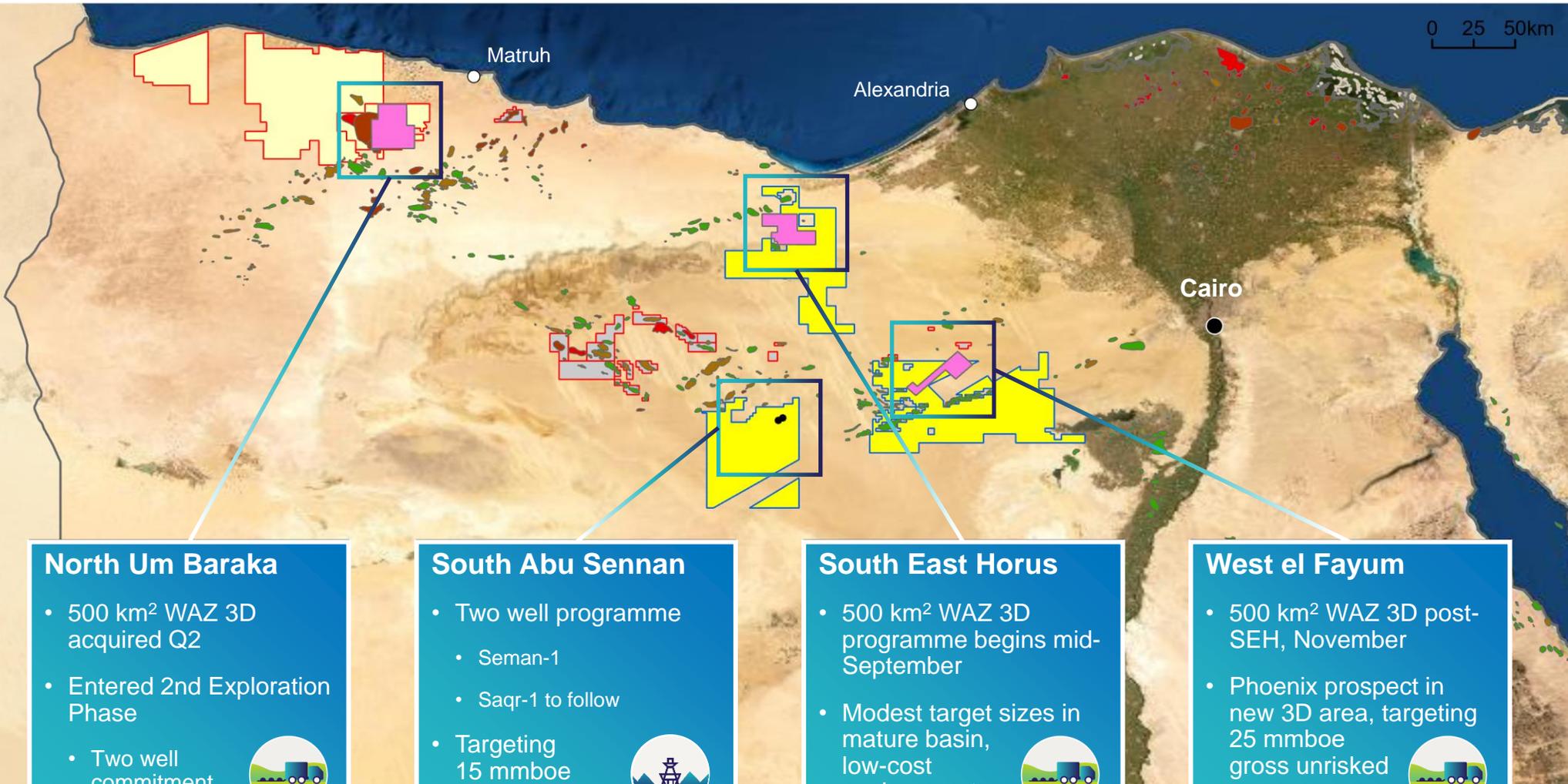
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# Exploration

Eric Hathon



# Egypt: Exploration Activity



**North Um Baraka**

- 500 km<sup>2</sup> WAZ 3D acquired Q2
- Entered 2nd Exploration Phase
- Two well commitment



**South Abu Sennan**

- Two well programme
- Seman-1
- Saqr-1 to follow
- Targeting 15 mmboc gross unrisked



**South East Horus**

- 500 km<sup>2</sup> WAZ 3D programme begins mid-September
- Modest target sizes in mature basin, low-cost environment

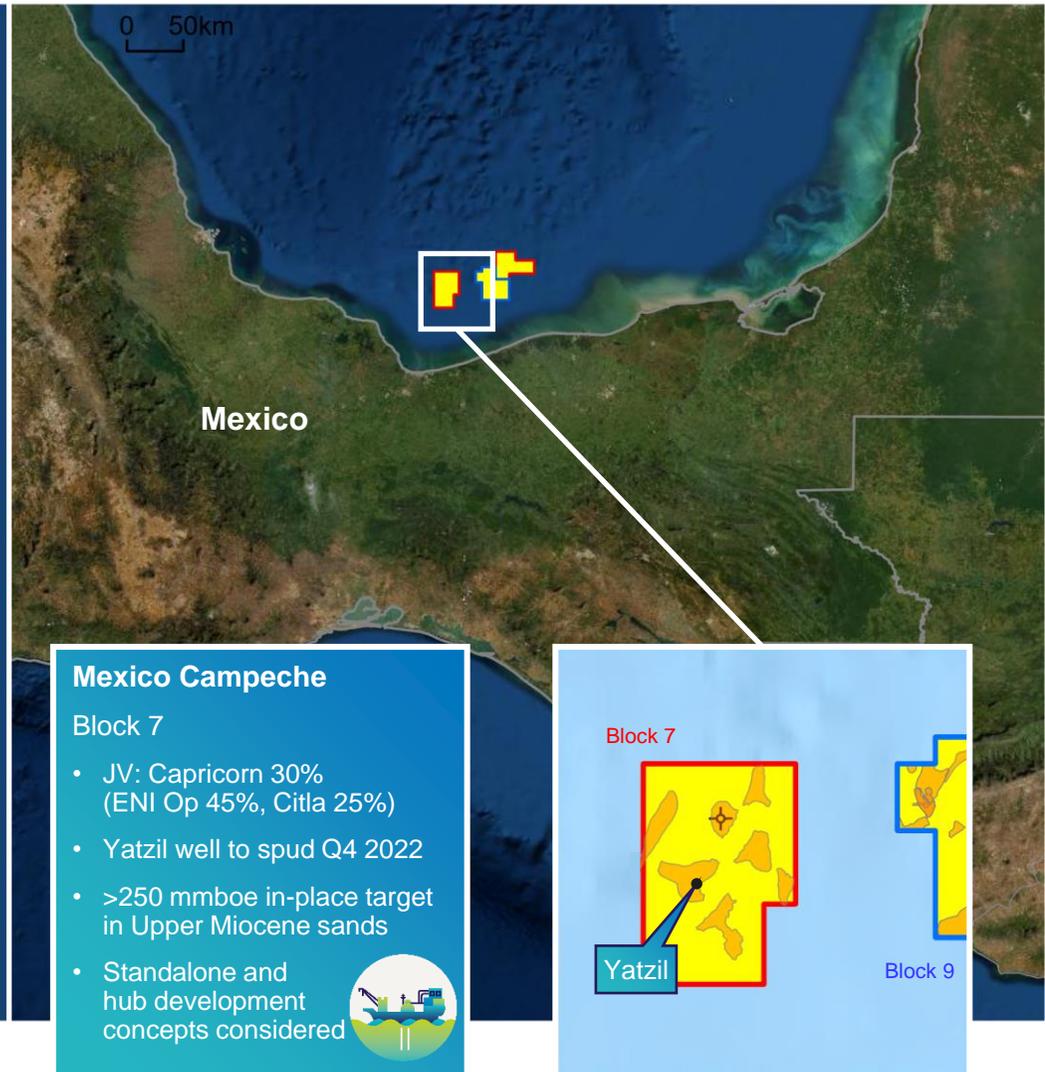
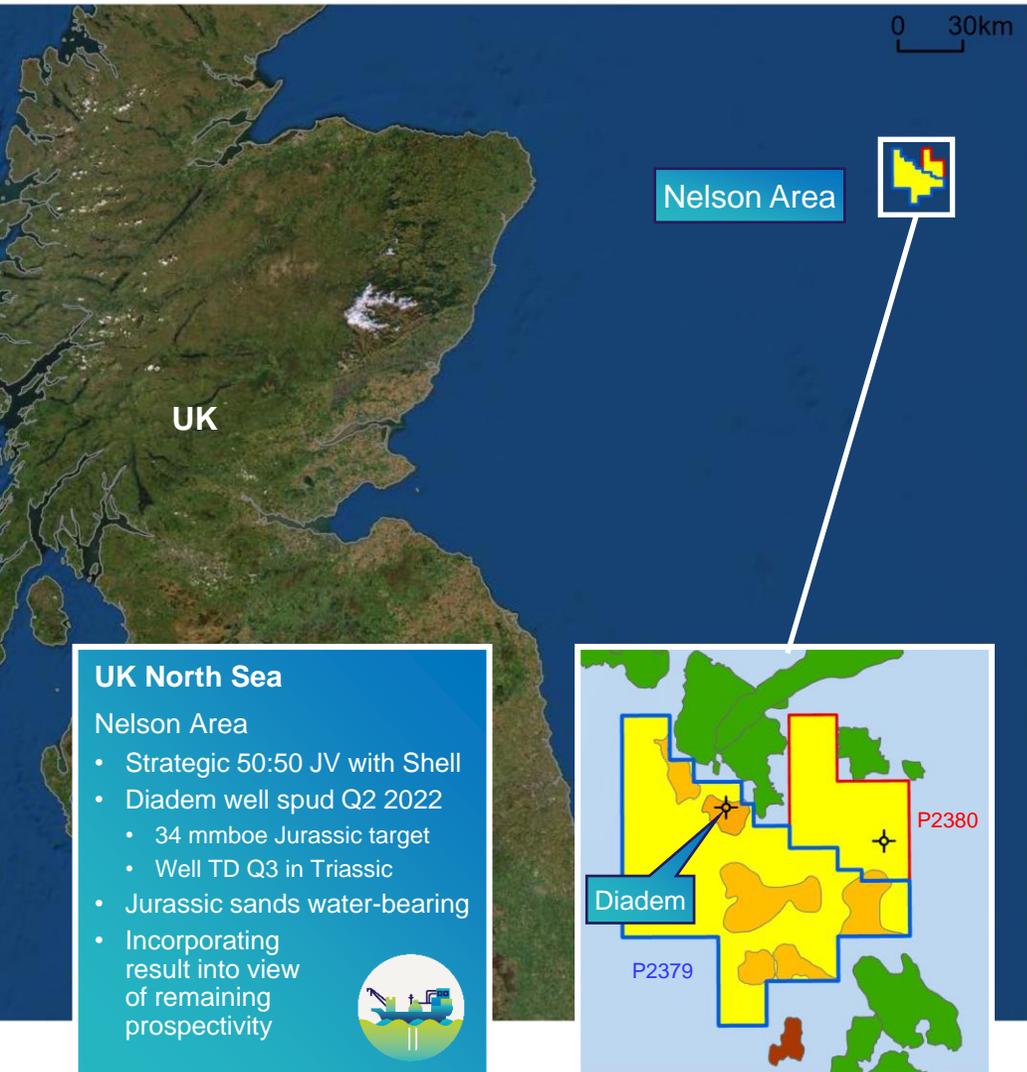


**West el Fayum**

- 500 km<sup>2</sup> WAZ 3D post-SEH, November
- Phoenix prospect in new 3D area, targeting 25 mmboc gross unrisked



# Exploration Drilling Activity





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# Summary

Simon Thomson

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